GOVERNMENT OF INDIA
AGRICULTURE AND FARMERS WELFARE
LOK SABHA

UNSTARRED QUESTION NO:1471
ANSWERED ON:25.07.2017
Subsidy on Farmerâ€™s Loan
Mohan Shri P. C.

Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

(a) whether it is a fact that the Government has decided to increase the subsidy to be provided on the interest of the loans of the farmers and if so, the details thereof;

(b) the details of the subsidy provided on the interest of loans by the Government under the existing scheme during the last three years; and

(c) the details of the financial burden likely to have on the Government's head every year due to increase in subsidy on loans of farmers in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

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(a): No such proposal under consideration in the Government. However, under Interest Subvention Scheme, an interest subvention of 2% per annum is provided to Public Sector Banks, Private Sector Scheduled Commercial Banks (in respect of their rural and semi-urban branches), Cooperative Banks and Regional Rural Banks on their own funds used for short term crop loans upto Rs.3.00 lakh per farmer provided the lending institutions make available short term credit at the ground level at 7% per annum to farmers. Farmers are provided with 3% additional interest subvention for the short term crop loan of upto Rs.3.00 lakh for a maximum period of one year for prompt repayment on or before the due date fixed by the financial institutions. Thus, farmers, who promptly repay their crop loans as per the repayment schedule fixed by the financial institutions, are extended loans at an effective interest rate of 4% per annum.

(b): To settle the pending claims comprising subsidy on the interest of loans under Interest Subvention Scheme, funds of Rs.6,000 crore, Rs.13,000 crore and Rs.13,397.13 crore respectively have been released during 2014-15, 2015-16 and 2016-17.

(c): The quantum of financial burden on account of interest subvention scheme depends on the flow of agriculture credit. With increase in agriculture credit flow targets, the corresponding financial burden on account of interest subvention will also be increased.

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